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MEMORANDUM FOR: Deputy Director (Support)

SUBJECT: Printing Services Division, Office of Logistics

1. This paper comprises an interim report on the condition of the Printing Services Division, OL, subsequent to 14 January 1957 when the Agency took over operating control of the GPO-State Service Plant. The report relates primarily to the newly acquired facility, now known as the Administration Building Plant. It also includes minor references to other PSD Plants to provide some information on certain administrative topics such as staffing, morale, overtime, personnel statistics, etc. for the division as a whole.

In substance, the report contains explanatory data on intelligence printing (Tab A) and other information classified according to several management factors such as physical aspects (Tab B), personnel (Tab C), financial and budgetary considerations (Tab D), materials (Tab E), workload (Tab F) and equipment (Tab G). The purpose of this basic approach is to determine the effect of each factor, respectively, on savings and non-savings, real or potential.

2. Information of immediate interest obtained during the course of the study is summarized as follows:

a. Intelligence Printing - Based on seventeen years experience in all phases of intelligence printing such as cloth printing, color separation map printing, aerial photograph reproduction, monophoto, use of 300 line glass screen method and continuous tone research, the Administration Building Plant is the sole printing facility available anywhere in the U. S. A. capable of producing intelligence printing as it should be done to meet Agency needs and standards. Thus, development of a substitute facility is of primary concern for relocation purposes.

b. Physical Aspects - Conditions are satisfactory at the [REDACTED] Conditions at the Administration Building Plant are inadequate in regard to working and storage space, light, ventilation, passage ways, rest rooms, dressing facilities and employee lockers. It is reasonable to assume that production could be increased considerably with better accommodations.

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c. Personnel - Staffing and morale are satisfactory at the [REDACTED] Plant. A staffing shortage brought to attention during the study has been corrected. The Administration Building Plant is currently fourteen personnel below strength leaving a vacuum without fully trained replacements in several areas. The plant is still dependent on GPO for substitute personnel with Q clearances. Morale is improving steadily after recovering from a period of dissatisfaction that originated during the transition from non-Agency to Agency employment. The low morale found source in a misapprehension of the security interrogation process and, also, the length and substance of the psychiatric examination in the Medical Office.

d. Financial and Budgetary Considerations - The purchase price of the GPO State Service Plant included specific items such as equipment, paper stock, supplies and materials. Some equipment was transferred gratis. An analysis of operating funds revealed a sufficient amount available to cover the budgetary estimate adopted for the period 13 January through 30 June 1957. Efforts to hold overtime to a minimum were successful through 30 April 1957. Subsequent thereto, overtime has been necessary to offset the shortage of personnel. Based on negotiations with union officials, GPO is gradually increasing various hourly rates which under the purchase agreement must be paid to transferred employees. The negotiations may extend to the end of August 1957.

e. Materials - In the past eighteen months, the factor of inflation has affected the cost of various frequently used materials such as paper, offset plates and photographic supplies. A sampling on eight individual paper items reflects increases ranging from eleven to fifty-eight percent for an average of 25 3/4 percent. The percentage range on eight photographic supply items is from five to fifty-nine percent for an average of 19 3/4 percent. The overall average on similar items respectively is probably somewhat lower.

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f. Workload - Workload measurement factors at the [REDACTED] Plant are available on an impression basis. The analysis shows a rising trend. At the Administration Building Plant, GPO used a dollar volume method to measure production. The analysis indicates (1) the probability of realizing substantial savings in NIS production through reduced overhead and (2) the probability of other savings through interchange of plant facilities and (3) the possibility of certain non-savings arising through Terrain Relief Rendition and a proposed research project.

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g. Equipment - Replacement of two old offset presses comprises an immediate need. Replacement of other equipment such as an obsolete offset camera, a proof press, folding machine, stitcher, etc. should be timed with a physical move of the plant to a new location.

Chief, Management Staff

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OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
INTELLIGENCE PRINTING

1. It is standard practice to present intelligence material in printed form. It, therefore, follows that printing comprises an integral part of intelligence. Basically, intelligence printing employs simple methods common to the art of printing i.e. typography is used for text material and photographic negatives for maps and other graphic presentations. A difference arises, however, in the unusual kinds of material that are required to support intelligence activities and the unusual skills required to produce them. Thus, intelligence printing is a highly specialized field entailing the use of many techniques which are unnecessary in ordinary printing.

2. Administrative Requirements

Basic requirements are twofold (1) modern equipment such as cameras, offset presses, type setting machines and printing presses plus all supporting elements and (2) skilled personnel who (a) are security reliable, (b) are capable of operating the equipment efficiently, (c) possess knowledge in the use of foreign terms and accents (characters) and (d) have the ability to reproduce certain foreign or domestic media in relatively few hours for operational support purposes.

3. Operating Skills

This unique field of printing incorporates much of the speed of a newspaper with the security precaution of currency printing and the quality requirements of medical illustration printing. These three elements, however, namely speed, security and quality, are diametrically opposed to each other. Amalgamating these elements into a smooth operating procedure takes many years of experience, tireless leadership and excellent teamwork. A span of seventeen years experience now supports the operating skills developed and maintained at the Administration Building Plant in intelligence printing.

4. The Plant

The Plant is one of the largest of its kind in government. Due to complexity and size, a highly skilled staff approximating [redacted] employees is essential to meet operational needs. Currently, the staff is down to [redacted] employees. Adequately staffed, it would be no problem to tackle all of the Agency's intelligence reports, estimates and summaries without additional equipment save that which should be replaced.

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a. Speed

The staff is smaller than in OSS days but actually produces more. This is due to higher skill and larger and faster equipment.

b. Security

In meeting the security requirements of its customers such as State, Defense, AEC, ODM etc., besides CIA, the plant has gradually ascended to the unique position of becoming the only "Q" printing plant in this general area, thus carrying the highest security clearance.

c. Quality

Because of the security aspect and the unusual techniques required, no portion of the work can be farmed out to other government or commercial plants. For this reason, the staff has had to struggle with some of the most difficult types of printing such as cloth printing, color separation map printing, aerial photograph reproduction, mono-photo and application of the 300 line glass screen method. The staff, also, conducts intensive research studies to solve technical problems that are many and complex. For example, the problem of separating foreign printed maps and colored illustrations is considered a high priority research project which, based on current progress, can probably be solved only by the introduction of a new process, continuous tone. Some research assistance outside of the Agency will be necessary to perfect the new process. The foregoing explains in some measure why the plant has developed an excellent reputation for quality printing.

5. Accomplishments

a. NIS Program

With many years of uninterrupted experience in printing basic and operational intelligence material, the Administration Building Plant is now a going business supporting the NIS program. Publications such as JANIS, NIS, NIE and many others originated in printed form in this plant. Individual publications of NIS are growing in size with some books now weighing as much as three and four pounds. OBI has developed a special style manual and procedure for NIS printing. Thus, neither the GPO Style Manual nor the Chicago Manual are followed.

World wide in scope, the NIS program of basic intelligence in OBI is proportionately a tremendous task of collecting, verifying, organizing and editing information. Likewise, the printing requirements are most extensive and entail greater preparation time in the plant than actual printing time. This circumstance coupled with a periodic work flow gives rise to "peaks and valleys" in scheduling the press work. Thus, in order to operate economically, it is essential to fill the "valleys"

with other projects i.e. both from within the Agency and from outside customer agencies referred to in Paragraph 4b above.

b. Other

In past years plant personnel have been called upon to solve various operational problems in printing and photography both here and abroad. The X-press, Combat camera, "Match Box" camera, Oriental composer, Psychological warfare printing van, "Document" proof press (portable) and many others were conceived by employees of the plant. In fact, two Army decorations were awarded for this work during WW II.

6. Substitute Facility

Based on the foregoing, it is fairly conclusive that the Administration Building Plant is the only one equipped and available in the entire nation capable of producing intelligence printing as it should be done to meet Agency needs and standards. No substitute plant properly equipped and possessing the skills is available in government or industry for relocation purposes. No other plant is doing three color separation of maps by the 300 line screen method. GPO main plant is not equipped to do the work. Army Map Service has ample equipment but lacks the skills and necessary clearances. Industry has no special need for the skills required. Even cleared research analysts at Eastman Kodak Co. were surprised to learn, in a recent discussion on techniques, that the Agency was solving problems which they had only an academic interest in solving due to lack of commercial demand. Perhaps it is time to give thought to (a) increased training in the required skills, (b) a substantial increase in "Q" clearances for stand-by purposes and (c) plans for a substitute facility.

Tab B

OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
PHYSICAL ASPECTS

1. Contrasting conditions are found in the two main Agency plants as follows:

a. [REDACTED]

Space light and ventilation are more than adequate. There are no pressing problems.

- b. Administration Building Plant

Space presents an immediate problem. Crowded conditions appear everywhere in the plant area. A forced layout is in evidence due to space limitations. Light and ventilation are not satisfactory. Working room around the presses is quite limited; storage space for paper is inadequate. Corridors are used for cleaning, re-pairing and sorting linotype matrices; also, for all packing and wrapping and miscellaneous storage. Heavy skids of paper and lead material (slugs) move on trucks through narrow aisles. These circumstances are not conducive to safety and fire prevention. On past occasions, the local Fire Marshal and officials of the General Services Administration have requested action on clearing the corridors.

Rest room facilities are inadequate. Production employees (men) change dress in corridor space before and after work. Women also work in the general area. Due to lack of space, there are only twenty five lockers for over [REDACTED] employees. This inconvenience multiplies in topcoat weather.

Vault space on the first, second and third floors and tunnel space on the lower floor, previously given up, has not been replaced. It is understood that there is some seldom used space in the basement of East Building which, if permissible, could be put to practical use as a layout room.

The Chief, Printing Services Division reports it is reasonable to assume that production could be greatly increased with adequate space.

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Tab C

OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
PERSONNEL

1. Analysis of GPO personnel and positions concerned in merger effected 13 January 1957 with Printing Services Division, OL.

- a. Personnel - GPO-State Service Plant

- (1) Employees strength at time of merger
 - (2) Employees who elected to transfer to Agency
 - (3) Employees who elected to remain with GPO

Eleven of the fourteen employees are being retained by the Agency for approximately six months on reimbursable detail pending completion of recruitment action. The remaining three have carried out other plans such as retirement, extended sick leave and return to main GPO plant, respectively.

- b. Positions - GPO-State Service Plant

- (1) Positions transferred
 - (2) Positions reserved (DD/S Directive 1-30-57)
 - (3) Available positions - NET

2. Analysis of PSD personnel statistics as of 31 March 1957 and 30 June 1957.

- a. T/O and Ceiling

On board
Difference
Reserved (DD/S Directive 1/30/57)
Leeway

- D Double Slotted

Overage
Departees and Separations
Possible Overage

- b. Attrition Rate - One percent per month, equivalent to three employees.

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3. [REDACTED] (Including "K" and "Que" Building Branches)

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a. Staffing

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Staffing is adequate in all areas save the Press Section [REDACTED] where an immediate need exists for five (5) positions to be occupied by multilith operators. The personnel complement of the Section as of 31 March 1957 comprised [REDACTED] operators. An analysis of work burden reveals that approximately 200 man-hours per week or thirty-six (36) percent of 560 possible man-hours, are allotted to priority commitments such as [REDACTED]

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[REDACTED] OCI Periodic Requirements, OO Weekly, ORR Bi-Weekly and SID Bi-Weekly.

In addition, the section is the reservoir from which substitutes are furnished frequently to the OCI Branch in "Que" Building and to the Special Printing Branch in "K" Building. The production of these two branches is on a "must" basis every day. Thus, the Press Section is frequently short of trained operators to process the balance of the Agency multilith workload. As a temporary expedient in the past, recourse to overtime and on-the-job training has been necessary. To remedy this condition, the Director of Logistics recently requested, in a separate instrument, an internal transfer of four positions from the Bindery Section to the Press Section, Printing Branch.

b. Morale

The Chief, Printing Services Division and the Assistant Chief for these immediate areas report that, overall, morale is very good. The employees are attentive to their duties and show interest in maintaining recognized production standards. The supervisors are adequately trained in human relations to show consideration where due and to sense and forestall misgivings whenever occasions arise.

4. Administration Building Plant

a. Staffing

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As of 30 June 1957, the on-board strength was [REDACTED] This total includes the eleven GPO personnel on reimbursable detail who returned to the GPO main plant 1 July 1957. Their departure has left a vacuum without fully trained replacements. Three are

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linotype operators. Because of long training and experience, e.g. 15 to 20 years, all were very valuable employees, particularly in the printing of NIS. Plans to replace them include the transfer of several journeymen and apprentices from the [REDACTED] Plant where they have been assigned pending receipt of the essential "Q" clearance. The strength as of 1 July 1957 was [REDACTED] employees.

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Efforts to recruit replacement printers both locally and in other cities have not been fruitful. Due to their "UNION" association, printers are inclined to feel independent in their choice of jobs. Many show an utter disregard for the delays which ensue in obtaining security clearances and thus lose interest in Agency employment. Under these circumstances, the Chief, Printing Services Division has found it advisable to request further assistance from the GPO. Thus, six personnel, holding "Q" clearances will report as of 29 July 1957 on reimbursable detail for an indefinite period.

From 1 July 1957 the plant has had only one truck driver for two trucks. Administrative action to obtain a replacement is currently being taken; however, a month or more may elapse before the prospective employee is cleared and on board. In the interim, it is frequently necessary to use an apprentice printer as a substitute driver for priority occasions.

b. Morale

The Assistant Chief, Printing Services Division who is head of this particular plant reports that (1) from 1942 up to November 1956 morale was excellent and (2) in many cases morale was adversely affected in the transition from non-Agency to Agency employment. The primary occasion was a purported breach of faith, that probably resulted from a misunderstanding. Representations made in preliminary talks by officials of the Offices of Personnel and Security indicated that, in view of prior clearances, processing would consist of simple routines. Seemingly, to the employees, this was not true. Some of the personnel had serious difficulty under polygraph interrogation; others did not. Some complained bitterly and possibly with some justification over (1) the length of psychiatric examinations in the Medical Office and (2) the sordid nature of some of the questions asked both in the interrogation process as well as in the examinations. The overall experience gave the examinees a very poor impression of Agency methods.

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Another more recent occasion that had an adverse effect on morale concerned a pay increase (GPO scale) approved and due as of 20 May 1957 but not received until 12 July 1957. The delay occurred after a promise in preliminary negotiations (pre-merger) that it would not happen.

An improvement in morale was observed initially in April 1957 and, save for the more recent setback, has gained steadily.

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Tab D

OFFICE OF LOGISTICS

PRINTING SERVICES DIVISION

FINANCIAL AND BUDGETARY CONSIDERATIONS

1. Analysis of funds used for purchase of GPO State Service Plant.

a. Amounts paid to GPO for:

(1) Equipment	-	\$200,265.73
(2) Paper Stock	-	13,597.12
(3) Supplies and Materials	-	<u>47,918.30</u>
Total		\$261,781.15

2. Analysis of Operating Funds

a. Transfer of funds from OBI (06 Printing Account) to Office of Logistics, Printing Services Division for Agency operation of Administration Building Plant, (formerly, GPO State Service Plant).

<u>Date</u>	<u>Amount</u>	<u>Total</u>
14 March	\$300,000	
In Process as of 24 April	106,253	\$406,253

b. Customer Accounts

Billing for Jan., Feb. and March	\$8,783	
Receipts		7,158
Uncollected to Date	1,625	
Potential Receipts for April and May, as Projected	5,856	
Estimated Potential Receipts Through 30 June 1957	7,481	
Total Funds Available		\$413,411

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4. Budgetary estimate for period from 13 January through 30 June 1957.

<u>Account</u>	<u>Amount</u>	<u>Total</u>
01	326,258	
02 through 07	8,360	
08 and 09	79,233	413,851

N.B. This estimate is based on experience factors obtained in the period 13 January through 28 March 1957, as projected.

5. Agency Printing Budget

The method used to budget for Agency printing is unrealistic. At present, the responsibility to budget for Agency-wide printing rests solely with the Office of Logistics. However, any operating activity in the Agency can establish a priority printing job over any weekend and thereby justify the need for unexpected overtime. These priorities occur frequently. The practice has the effect of forcing unanticipated overtime costs which causes the original budget planning to appear inadequate. The method is obviously wrong.

6. Analysis of Overtime

- a. The following table reflects the status of PSD overtime through 30 April 1957:

<u>Month</u>	<u>Total Hours</u>	<u>Administration Building Plant</u>		<u>All Other PSD Hours</u>
		<u>Agency Hours</u>	<u>Reimbursable Hours</u>	
January	517	22	0	495
February	280	0	0	280
March	537	74	6	457
April	759	209	8	542
Total	2,093	305	14	1,774
Percent of Total -		14.5	.7	84.7

Estimated cost factor is \$4.50 per hour, equal to \$9,419.00 for the period.

- b. Overtime at the Administration Building Plant cost approximately \$34,000 in calendar year 1956.

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- 25X1A6a c. The occasion for the rise in overtime for April in the Administration Building Plant may be attributed to the departure, from the [REDACTED] of a linotype operator on a foreign assignment in the month of March. His replacement has not returned from overseas. Thus, to process the workload on a current basis, two operators from the Administration Building Plant have been working overtime from 12 Noon to 3:30 P.M. at the [REDACTED] before reporting for their regular assignment on the night shift at 4:06 P.M.
- 25X1A6a d. A sustained effort has been made since January to hold overtime in the Administration Building Plant to a minimum. Experience indicates that continuation of this effort is not entirely feasible as personnel is decreasing. Another reason rests in the staggered receipt of NIS production from OBI, resulting in peaks and valleys. Contact with a representative of OBI revealed (1) confirmation of the periodic work flow, (2) information that approximately fifty percent of essential media was not received from contributing agencies such as State, Navy, Agriculture, Interior, etc. until the last quarter of the Fiscal Year and (3) Agency officials of interest are aware of the circumstances as a continuing problem and have tried in the past to find an appropriate solution. The Printing Services Division has not had time since the merger to develop a reservoir of trained personnel to use for peak workload periods. Thus, some overtime will be necessary for an indefinite time.

7. Salary Adjustments

Adjustments in salaries of certain former GPO personnel are necessary for two reasons, (a) to facilitate conversion of GPO job titles and hourly rate pay scale to the GS system of Civil Service grades and (b) to process, pursuant to agreement, various minor administrative promotions held in abeyance by GPO while the merger was pending. These adjustments in the aggregate approximate an annual salary increase of \$7,977 which is being absorbed in current budget allocations. About fifteen additional actions based on the rising trend of the GPO pay scale are pending in the Office of Personnel. The above factor is not construed as excessive.

- a. Further increases in the GPO pay scale are still pending negotiation with Union officials. The negotiations may not be approved until sometime in August. When approved, the increase must be paid to transferred employees under the purchase agreement.

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8. Potential Savings

Savings in the O1 account approximating \$915 annually will be possible in the future through an adjustment of two job titles under the labor board scale at the [REDACTED]

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Tab E

OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
MATERIALS

1. The inflationary factor affecting the cost of frequently used materials in the past eighteen months is indicated as follows:

a. Paper - (Sampling from GPO Catalog 1 May 1957)

<u>Number</u>	<u>Kind</u>	<u>Color</u>	<u>Size</u>	<u>Cost Per 100 Flat Sheets</u>		<u>Percent of Increase</u>
				<u>Prior</u>	<u>Present</u>	
74	Book, Antique	White	38 x 50	\$2.86	\$3.61	26
227	Writing	Do	34 x 44	1.52	1.86	22
245	Do	Do	34 x 44	1.84	2.33	27
274	Do	Colored	28 x 34	1.16	1.30	12
281	Do	Do	32 x 42	1.80	2.29	27
326	Do	Do	32 x 42	1.16	1.83	58
674	Ledger	White	34 x 44	3.54	4.34	23
790	Index	Do	34 x 44	5.37	5.98	11

The collective average increase on this sampling is 25 3/4 percent. The overall average increase in paper stock is probably nearer to ten percent.

b. Printone

This is a quality pigmented paper used for the printing of NIS. The cost per thousand sheets, size 30 x 40, was \$21.64 in June 1956. In October 1956, the cost had risen to \$22.08, an increase of two percent in four months. This paper is adaptable for both illustrations and text. When adopted in the fall of 1956, it replaced (1) a more expensive enamel coated paper, costing \$76. per thousand sheets, that was used to the extent of twenty percent in NIS, (2) a less expensive paper used for printing text that was unsatisfactory and (3) a more expensive map paper which was unsatisfactory for half tones.

c. Photographic Supplies - (Sampling from Stock Records)

<u>Kind</u>	<u>Quantity</u>	<u>Size</u>	<u>Cost</u>		<u>Percent of Increase</u>
			<u>Prior</u>	<u>Present</u>	
Film, Type B	50 Sheets	20 x 24	\$37.96	\$47.72	26
Film, Ansco Type B	Do	16 x 20	25.44	28.45	12
Paper, F-1	500 Sheets	8 x 10	16.85	19.87	18
Paper, F-1	50 Sheets	20 x 24	11.63	12.71	9
"SAT 5" Fixer	Unit (Hypo Concentrate)		4.86	5.10	5
Aluminum Sulphate	5 Pound Container		1.18	1.34	14
Sodium Thiosulphate	100 Pounds (Hypo Rice)		5.49	6.32	15
Paper, Ozalid	250 Sheets	20 x 24	5.15	8.21	59

The collective average increase on this sampling is 19 3/4 percent.

d. Offset Plates

The Administration Building Plant uses special plates of grained aluminum for certain phases of NIS half tone photography and map printing. In sizes 32 x 41 and 25 $\frac{1}{2}$ x 36 inches, the plates are capable of receiving images from a 300 line screen. The present cost per plate is \$2.15 and \$1.10, respectively. These prices include a ten cent increase per plate since January of this year.

2. Savings

a. Mimeograph Paper

This paper stock is used in large quantity at the [REDACTED] for the printing of [REDACTED] Foresight on the part of officers of the Printing Services Division in negotiating for the purchase of mimeograph paper on an extended term basis has resulted in substantial savings to the Agency in the past. The contractual plan is to buy, annually at minimum price, a six month's supply of 20,000,000 sheets plus a six month's extension at the same low price. The price of \$1.58 per thousand sheets has remained stable for several years. There is good prospect that, in view of the method of purchase and quantity bought, the item will not be affected by an inflationary factor in the near future.

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b. Paper Plates

Paper plates are about fifty percent cheaper than other presensitized plates such as aluminum. They have been used in offset printing for sometime in the past. Tests made early in 1956 at the Administration Building Plant indicate that one type of paper plate is more adequate for certain needs, easier to handle, faster in processing and less expensive than other types. Savings in cost from using this type amounted to \$2,200 in the past fiscal year.

3. Transportation of Materials

a. Paper Sources

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Paper is obtained from three sources, namely the [REDACTED], the GPO warehouse in [REDACTED] and the GPO main plant. It is understood that the GPO warehouse uses contract delivery requiring three days prior notice for the distribution schedule. The Administration Building Plant receives material from the GPO warehouse once each week; likewise from the [REDACTED] Plant once each week. These transportation facilities are not entirely adequate with the limited space for paper storage. Thus, when faced with a paper shortage for priority orders, as happens frequently, one of the two trucks assigned to the plant is dispatched to pick up the required paper either from the GPO main plant or from the [REDACTED] as appropriate. This is easier and quicker than having the required paper sent on order to the [REDACTED] warehouse to wait for the weekly delivery.

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b. NIS Distribution

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Responsibility for the printing of NIS rests with the Administration Building Plant. Each week three courier service men from "Que" Building use one truck from three to four hours to convey the NIS printed books in bulk seven miles to the [REDACTED] Plant. There the books are unloaded, sorted, wrapped and addressed according to a pre-determined distribution schedule. When the books are ready for distribution two or three days later, the courier service men return with the truck to [REDACTED], reload the books and proceed to the Pentagon where the first phase of distribution is accomplished. The remaining books are brought to the mail room in "Que" Building from where distribution is completed by the Courier force. The wasted motion in this transportation procedure is apparent.

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Tab F

OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
WORKLOAD

1. [REDACTED] 25X A6a

Attachment 1 provides a comparative analysis, for the months of January through April, 1956 and 1957, of workload impressions by offset, letterpress and mimeograph methods. The statement which, also, includes photographic prints and microfilm (feet of film) reflects a rising trend.

2. Administration Building Plant

a. Nature of Workload

Approximately eighty-five percent of the workload is in support of the NIS Program. The balance now includes other CIA production and classified printing for certain outside agencies such as AEC, State, National Advisory Council for Aeronautics and ODM. Customers relations with AAF ceased in December 1956 due to the expected transfer of operating control to the Agency.

b. GPO Method of Measuring Production

Labor is the primary factor in the type of work performed in the plant and not sheets of paper passing through the press nor negatives processed. One multi-colored map of which 25 copies are rendered could conceivably require a week to process, whereas another map with 5,000 copies and same number of negatives might require only one day. Knowing these circumstances, GPO was more concerned about overhead than production. Therefore, GPO did not insist on production figures as they do not reflect the true work status as much as dollar volume and overhead costs do. The latter gave a better measurement of efficiency for the needs and satisfaction of GPO. The only information GPO required prior to the merger was a series of machine record cards reflecting the daily production of each employee. The cards were submitted to the main office of GPO where all records were maintained and all billing computed. GPO compiled a monthly dollar report showing labor, material, overhead and total from the cards.

In the past, however, when the plant was under the jurisdiction of GPO, the Branch Chiefs did periodically monitor the output of all production employees. Beginning with Fiscal Year 1958, production statistics for Agency work will be recorded in a machine record card

system. Cost computing as required for customer billing has been instituted by the Agency and will be continued as heretofore.

c. Low Production in First Quarter 1957

Production started falling off as early as November 1956 when (1) GPO curtailed the work volume and (2) plant personnel began to make numerous contacts with their main office to determine the personal advantages and disadvantages of transferring to the Agency or remaining under GPO jurisdiction. The transition period of those who elected to transfer lasted throughout the first quarter and extended partially into April. The unproductive time which ensued may be attributed to (1) personnel office processing, (2) medical and psychiatric examinations, (3) Agency security indoctrination, (4) polygraph interrogation, (5) learning Agency administrative details and (6) waiting in line to cash checks at the Credit Union.

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These employees were previously paid on the job in cash. With twenty-six pay days per year, an average of [REDACTED] employees will consume approximately 1300 manhours per year cashing checks. At an average wage of \$3.10 per hour, this is equivalent to a loss factor of \$4030. per year.

d. Production Recovery

Production started climbing again in April and continued to rise throughout May and June. This should ease the concern of OBI executives over growing backlogs. Attachment 2 reflects workload by dollar volume in chart form from January through June 1957.

e. Workload by Dollar Volume

- (1) A Comparative analysis for months of April and May 1956 and 1957 follows:

<u>DATE</u>	<u>LABOR</u>	<u>MATERIALS</u>	<u>TOTAL CHARGES</u>	<u>PERSONNEL</u>
April 1956	\$40,048.53	\$ 9,424.50	\$81,512.45	[REDACTED]
May 1956	45,177.39	10,265.78	94,282.04	[REDACTED]
April 1957	34,430.16	11,394.39	66,498.87	[REDACTED]
May 1957	47,497.51	12,219.34	88,260.84	[REDACTED]

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- (2) Overhead is extracted to reveal a substantial drop in percentage.

<u>DATE</u>	<u>OVERHEAD</u>	<u>PERCENT</u>
April 1956	\$31097	78
May 1956	37812	84
April 1957	19535	57
May 1957	27322	58

Conceivably, overhead as computed by GPO in the past might have included various items such as the cost of (a) pre-estimating printing jobs, (b) computing customer accounts, (c) main office administrative and clerical time, (d) handling charges on materials and (e) depreciation on equipment regardless of age. In this respect, the substance of Attachment 3 is significant.

- (3) The entire workload in June 1957 i.e. both Agency and non-Agency, reflects an increase in production with less personnel.

<u>LABOR</u>	<u>MATERIALS</u>	<u>TOTAL</u>	<u>PERSONNEL</u>
\$56,219	\$15,332	\$105,074	

25X9A2

The total dollar volume includes overhead of \$30,865 and five percent depreciation equivalent to \$2,658. Depreciation of five percent is charged on direct labor for each job.

3. Savings

a. NIS Production

It is apparent from the foregoing that there should be substantial dollar savings in NIS production because in the past overhead charges were not realistic and should now be approximately twenty percent lower. Attachment 4 provides a comparative analysis of monthly billing for Agency work from January through June 1957. The table reflects savings realized by reduced overhead between the GPO method of billing and the present method. However, in view of the low production in the first quarter of the year and other factors explained in Paragraph 4 below, it is somewhat early to develop a true estimate of probable savings in NIS production.

b. Other Agency Production

The interchange of plant facilities, now possible, provides an opportunity to level work burden (as feasible) and thus save time and money in accelerating production. Recent tests indicate that favorable results are possible. For example, OO Reports on Hungarian refugees and other operational reports were processed eight-up without overtime. NIE was printed on the night shift to relieve the necessity of overtime at the [REDACTED]. Transit time was also saved as the Administration Building Plant is closer to the office of interest.

Ultimately, the physical consolidation of the plants will overcome the present obstacle of lost motion resulting from distance and the security risk of frequent transport between facilities.

4. Non-Savings

a. Terrain Relief Rendition

This is a method of map rendition which employs shading to portray elevations either with or without contour lines, thus, providing a three dimensional effect. As publicized in "Colliers" magazine of 2 March 1956, the Rand McNally Company has conducted experimental research in the production of three-dimensional maps without contour lines. The initial map was eight months in preparation. Also, Swiss cartographers have experimented with such maps, using contour lines as well as shading. OBI is using the method in map support to Chapter I of NIS, (Military Geography) of which there are about 110 editions in the series. OBI is, also, conducting experiments with a view to making the map originals applicable to all sections of NIS, as appropriate.

The maps are time consuming and expensive to prepare cartographically. The printing is likewise costly averaging twice as much as other map printing. Actually, the printing phase comprises a color process technique of subdued overprinting with seven to eight color runs through the press. The procedure entails much re-photography, exact color registration and precise color stripping together with the application of expert operating skills in maintaining true proportions in a three-way map reduction process. Does the intelligence factor justify the cost?

Without doubt, this element of non-savings, if expanded, will tend in some measure, to offset future savings accruing from lower overhead costs, savings that more properly should be applied to replacement of obsolete equipment.

b. Proposed Research Project

Printed color illustrations and maps from "Iron-Curtain" countries have positive intelligence value. Because of the nature of the half tone screen techniques, difficulties in reproducing these illustrations have been experienced i.e. they do not reproduce satisfactory detail. What is needed is a practical method of continuous tone printing to register all tones and thus provide better detail as in a contact print. The increased detail obtained will enhance the intelligence value considerably. A research project is proposed to develop this improved technique. The estimated cost approximates \$25,000. TSS is interested on a joint basis with Logistics.

If approved, this element of non-savings will also tend to offset possible future savings in direct proportion to cost.

OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION - [REDACTED]

25X1A6a

Workload by Impressions

1. Comparative analysis for months of January through April 1956 and 1957.

<u>Item</u>	<u>1956</u>	<u>1957</u>
a. Photographic Prints	1,250,848	1,442,422
b. Microfilm (Feet of Film)	376,188	377,924
c. Offset		
Plates	354,822 ^{2/}	289,295 ^{3/}
Impressions	22,332,141	24,067,272
d. Letterpress		
Forms	1,221	2,058
Impressions	1,448,097	1,650,345
e. Mimeograph		
Stencils	44,828	57,549
Impressions	27,015,544	42,166,806
f. OCI - Offset		
Impressions	--4/	4,614,849
Total Impressions (includes c., d., e., and f. above)	50,795,782	72,499,272
Calendar Year Projection	137,044,796 ^{5/}	217,497,816

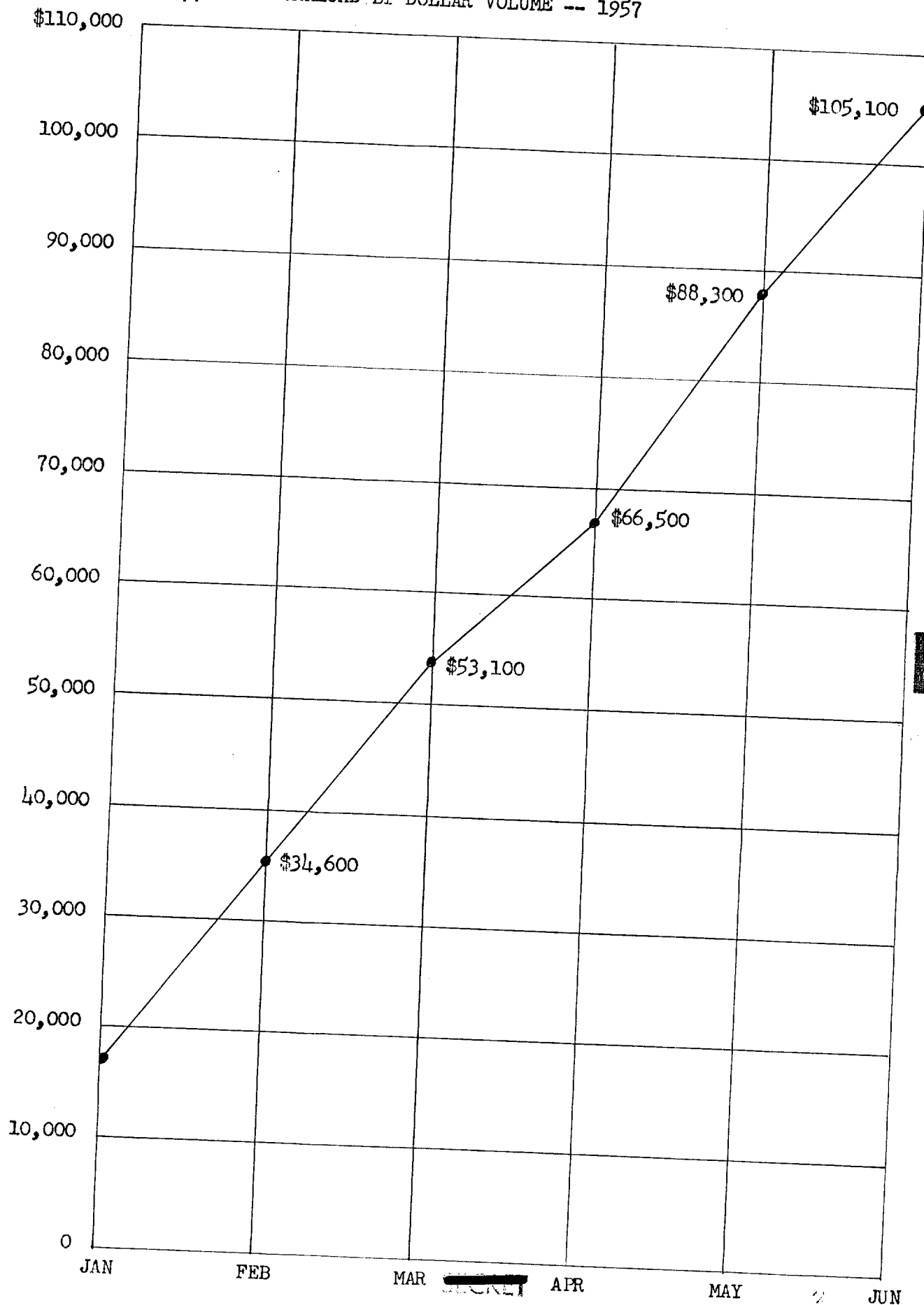
- 1/ Includes "K" and "Que" Building Branches
- 2/ Majority Single Image - 1 up
- 3/ Multiple Image - 2-4-8 up which, also, reduces impressions
- 4/ Not available
- 5/ Based on 6 months actual production in lieu of 4 months.

~~SECRET~~

PRINTING SERVICES DIVISION - ADMINISTRATION

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MONTHLY DOLLAR VOLUME -- 1957



OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
WORKLOAD

An extract from classified memorandum dated 10 June 1957 from the Assistant Chief of Division in charge of the Administration Building Plant to the O&M Examiner is quoted as follows:

"I believe I can give you some information as to the question of savings now that we are a part of the Agency, as compared with GPO. This information is considered confidential by GPO, and if we are to maintain their goodwill, it should not go beyond the need-to-know-officials in CIA only.

a. On our supply items, GPO charges 10% for handling. Our annual supply consumption for calendar year 1956 was \$128,340., most of which was for CIA. It seems to me rather excessive to charge 10% extra to purchase and store our supplies, particularly since the Agency always furnished the largest items, namely, paper and the expensive photographic film and paper.

b. On the matter of equipment, depreciation, unless I was misinformed, GPO had an illogical but profitable method (which I understand has recently been corrected) of charging for depreciation regardless of age. The Agency received gratis over a quarter of a million dollars of equipment. The estimated 7.5% depreciation charge for this would be \$18,750, which if my facts are correct, was normally added to the total charges."

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OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
WORKLOAD

Comparative Analysis of Monthly Billing for Agency Work from January through June 1957, Reflecting Savings Effected by Reduced Overhead.

Month	Labor	Material	GPO Billing		Total	Actual	Savings
			Labor 70%*	Material 10%		CIA Bill	
						55% & 5% off	
January	\$ 5,831.84	\$ 1,944.97	\$ 9,914.13	\$ 2,139.47	\$ 12,053.60	\$11,275.84	\$ 777.76
February	15,237.19	6,820.29	25,903.22	7,502.32	33,405.54	31,190.54	2,206.00
March	24,912.16	9,162.32	42,350.67	10,078.55	52,429.22	49,109.69	3,309.53
April	33,206.85	10,803.17	56,451.64	11,883.49	68,335.13	64,011.54	4,323.59
May	45,606.83	11,326.54	77,531.61	12,459.19	89,990.80	84,460.56	5,530.24
June	53,157.53	13,874.54	90,367.80	15,261.99	105,629.79	98,926.90	6,702.89
Total Savings						\$22,850.01	

OFFICE OF LOGISTICS
PRINTING SERVICES DIVISION
EQUIPMENT

1. Replacement of Obsolete Equipment

Replacement of the following equipment at the Administration Building Plant should be accomplished as soon as feasible.

- a. Old Offset Camera - This camera is constructed through a wall. It is no longer accurate. Due to the way it is constructed, replacement should be accomplished whenever a physical move of the plant is made to a new location. The replacement cost will approximate \$50,000.
- b. Two Old Offset Presses - One press is an EBCO (22 x 34). The other is an ISQ (28 x 40). Both presses are inaccurate and so obsolete that essential parts are no longer available from the manufacturers. The ISQ press had been in use about twelve years when given gratis to the plant in 1941 by the Quartermaster Corps. Continual maintenance on these obsolete items of equipment is very expensive because needed parts have to be made on order. Replacement of these presses comprises an immediate need. Care must be taken to obtain press sizes that will fit in the limited space available. The cost will be about \$50,000.
- c. Other - Various other pieces of equipment such as a proof press, folding machine, stitcher, etc. which are obsolete and fully depreciated should be replaced in the next two or three years and not later than the time the plant is moved to some new location.

2. Savings Potential of New Equipment

The immediate savings potential of new equipment is threefold: (1) the maintenance cost on that which it replaces, (2) the costly lost motion of labor when old models are subject to frequent breakdowns and (3) the cost of paper, film and other materials wasted on old inaccurate models.

3. Amortization of New Equipment

When used on one shift only, new equipment such as presses and cameras may be amortized over a fifteen year period. When used regularly on two shifts, the wear on such equipment is automatically doubled, thereby lessening its overall age. Thus, amortization thereon should not exceed a ten year period.